


 STATE OF MAINE
 PUBLIC UTILITIES COMMISSION
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 (207) 289-3831

CAD Bulletin 88-1

May 18, 1988

TO: ELECTRIC AND GAS UTILITIES

FROM: BARBARA A. ALEXANDER, DIRECTOR, CAD *BA*RE: RENEGOTIATING SPECIAL PAYMENT ARRANGEMENTS UNDER THE WINTER
DISCONNECTION RULE

As expected at this time of the year, the Consumer Assistance Division is handling a fair number of cases as a result of broken Special Payment Arrangements. Too many of these cases result from an inadequate attempt by the utility to refer the customer to financial assistance agencies and negotiate payment arrangements.

Section 17(H)(5)(c) of the Winter Disconnection Rule (Chapter 81) provides that if a customer breaks a Special Payment Arrangement after April 15, a utility may proceed with disconnection procedures described in Section 1-16 of Chapter 81. However, SPA customers must be given until November 1 to pay the arrears. A UTILITY SHOULD WORK DIRECTLY WITH THE CUSTOMER IN REFERRAL AND COORDINATION OF FINANCIAL ASSISTANCE; REFERRAL TO THE CAD FOR THIS FUNCTION IS NOT APPROPRIATE. A copy of a recent letter from a Bangor Hydro customer representative concerning one of their customers is an excellent example of an effort to work with the customer to seek financial assistance. Too many of our complaints are due to a failure by the utility to properly refer the customer to financial assistance programs.

Here is a brief explanation of the major programs and their current status:

| <u>Program</u> | <u>Agency</u> | <u>Disconnect Notice Required</u> | <u>Maximum Benefit</u> | <u>When Available</u> |
|-----------------------|-----------------------------------|---|----------------------------|--|
| HEAP | CAP | N | \$500/yr | May 27 App/deadline |
| ECIP | CAP | N | \$200/yr | Up to \$200 during Oct 1 - Sept 30 period |
| Family Crisis | DHS (1-800-442-6003) | Y | \$300/yr | Once per 12 month period |
| General Assistance | Town | Y | --- | Anytime if found eligible. |
| FEMA | Salvation Army Red Cross, CAPs | Y | --- | Irregular |

This chart is not intended to be a comprehensive explanation of the criteria for eligibility for these various programs. In addition, there are often private (church, etc.) sources of financial assistance available in local communities.

The Citizens Assistance Line (1-800-452-4617) at the Division of Community Services is an excellent source of help to coordinate a financial assistance "package". This office also often works directly with the customer to locate private sources of financial assistance.

ECIP funds are available even though several CAP's may have a lag before the next allocation of funds. Please note that ECIP may be used more than once up to the maximum benefit of \$200. On the other hand, Family Crisis funds are only available once per year, up to a maximum of \$300 per customer for any one utility.

While General Assistance will often (but not always) refuse to pay back bills, the program is obligated by state law to assist with current bills if the resident is in need. We interpret this obligation to assist with current bills to include the monthly amount due under an SPA. Customers can appeal a town denial to the State DHS (1-800-442-6003) who will award assistance if appropriate and bill the town directly.

If the customer does obtain financial assistance for part of the arrears balance, the payment arrangement should be rewritten to lower future monthly payments.

Prior to disconnection. A customer who contacts the utility prior to disconnection as a result of a broken SPA is usually offered the opportunity to cure the broken arrangement. This usually involves the late payment of the "catch up" amount. However, a customer may seek to alter the payment schedule. A UTILITY MUST CONSIDER THE INDIVIDUAL CIRCUMSTANCES OF THE CUSTOMER IN RENEGOTIATING A PAYMENT ARRANGEMENT. If a customer offers concrete reasons why lower monthly payments now can be made up later (but before November 1), the utility should consider granting this request. Some examples of situations that have already been handled by the CAD this spring:

+ Customer, a AFDC recipient, is about to start a new job. Her current AFDC benefits are not sufficient to make the initial March-April payments required by the SPA, but her new job (location and salary stated) will allow her to increase her monthly payments beginning in May. The SPA was renegotiated to accomodate this situation.

- + The customer's financial situation has worsened since the SPA was negotiated as a result of a medical emergency. The household cannot qualify for financial assistance until September. The \$60.00/month SPA was reduced to \$50.00/month until September.

- + Customer's summer usage has decreased significantly due to installation of a gas water heater. The estimated summer usage on the SPA was recalculated to reduce monthly payments.

After disconnection. Although a utility may, according to Section 5 and 9 of Chapter 81, require a reasonable down payment prior to reconnection, this requirement can be met by payment of the "catch-up" amount under the SPA. Financial assistance may also provide a sufficient down payment so as to recalculate the SPA and lower monthly payments.

A utility may also, according to Section 11, require a deposit. However, if the catch up amount (or more) is provided by the customer or a financial assistance agency, a deposit requirement may prove counter productive. For example, a customer who cannot afford the monthly SPA payments and who is forced to obtain financial assistance for the arrears is unlikely to be able to make future SPA payments. In addition, most financial assistance agencies will not pay for deposits.

A customer that is repeatedly disconnected for breaking a renegotiated SPA may, of course, be treated differently than a customer who has broken the arrangement only once.

Partial payments. A customer who makes a partial payment of the SPA amount should ideally contact the utility to either discuss when full payment will be made or to renegotiate. While a utility is not under an obligation to attempt personal contact after April 15, it makes good sense for all ratepayers to attempt at least telephone contact if a customer does not initiate contact. A revised payment schedule now could prevent a costly disconnection later. All revised payment arrangement terms should be confirmed in writing.

CAD investigation. The CAD will first attempt to respond to the customer's contact by determining whether there has been prior contact with the utility. If so, the CAD will contact the utility for details on the customer's account. We will then, by counseling either the customer or utility or both:

- + investigate financial assistance options and recalculate the SPA based on eligibility and verbal commitments of funds;

- + renegotiate the SPA according to unique circumstances; or

+ advise the customer that the catch up amount must be paid to avoid disconnection.

The CAD will, of course, enforce the original SPA terms in appropriate circumstances.

If, during the course of this complaint mediation, there is reason to believe that a violation of Chapter 81 has occurred, a written request for investigation will be sent. For example, if as a result of CAD's involvement, financial assistance has been located and a payment arrangement renegotiated, there is every reason to question why the utility did not accomplish this result in the first place. UTILITIES ARE REMINDED THAT SECTION 6(A) OF CHAPTER 81 REQUIRES A GOOD FAITH EFFORT TO RESOLVE A DISPUTE THAT ARISES AS A RESULT OF A PENDING DISCONNECTION NOTICE. A utility that insists that the full amount stated on the broken SPA notice must be paid to avoid a disconnection without working with the customer's individual circumstances does not usually comply with this requirement.

If the CAD determines that the customer has not been referred to or had contact with the internal appeal mechanism at the utility (i.e., from customer representative to office Supervisor or Division Manager), we will contact the appropriate utility manager. We will request that the complaint be resolved at that level. We will then request further investigation in writing in order to monitor this process. If the customer and the utility cannot agree on the terms of a payment arrangement or other dispute resolution, the utility must contact the CAD prior to disconnection. If the parties cannot agree on the terms of reconnection within 24 hours after a CAD referral, the utility must contact the CAD for mediation.



P. O. Box 749, Ellsworth, Maine 04605 Tel. 207-667-2526

. April 28, 1988

[REDACTED]
[REDACTED]
Gouldsboro, ME 04607

RE: Acct. No. [REDACTED]

Dear Mr. & Mrs. [REDACTED]:

Regarding my conversation with [REDACTED] today, I have enclosed a Family Crisis Assistance Application and a postage paid envelope addressed to them. With this application, you need to include your Residential Disconnect Letter which was sent to you in the amount of \$1887.74 with a shut off date of 4/27/88.

I have also enclosed a Special Payment Arrangement which we discussed today. Your payment amount is presently \$314.00 monthly to begin 6/20/88. This is taking into consideration the \$200.00 ECIP benefit, \$619.52 FEMA benefit, and the \$468.00 HEAP benefit which you will receive. If Family Crisis approves the maximum allowable benefit for electricity bills - \$300.00, and the Town of Gouldsboro is able to pay your current bill of \$242.56, we will be able to reduce your monthly payment to approximately \$205.00.

In any case, would you please contact our Ellsworth Office by 5/2/88 - 4:30 pm to let us know the results of your efforts to obtain general assistance. You may call us collect at 667-2526 or by using our toll free number 1-800-441-0404.

Sincerely,

[REDACTED]

[REDACTED]
Credit Representative
Ellsworth Office

ARR/encls.

BANGOR HYDRO-ELECTRIC COMPANY
WINTER ARRANGEMENT PAYMENT SCHEDULE
CUSTOMER COPY
ACCOUNT [REDACTED]

04/28/88 1-36

THE FOLLOWING PAYMENT ARRANGEMENT HAS BEEN SET UP FOR YOU TO PAY YOUR REMAINING WINTER BILLS PLUS YOUR ANTICIPATED SUMMER BILLS THROUGH OCTOBER 31, 1988. SINCE YOUR ESTIMATED SUMMER BILLS ARE INCLUDED IN THE PAYMENT SCHEDULE, YOU WILL BE ABLE TO MAKE EQUAL PAYMENTS WITHOUT BEING CONCERNED WITH YOUR REGULAR MONTHLY BILLS THIS SUMMER. YOUR OCTOBER PAYMENT WILL INCLUDE THE SCHEDULED PAYMENT PLUS OR MINUS ANY DIFFERENCE TO RECONCILE YOUR ACCOUNT. SINCE THE PAYMENT SCHEDULE IS PARTLY BASED ON OUR ESTIMATE OF YOUR BILLS THIS SUMMER, IT MAY BE NECESSARY TO ADJUST YOUR MONTHLY PAYMENT, EITHER UPWARD OR DOWNWARD, TO BE SURE ALL YOUR BILLS WILL BE PAID BY NOVEMBER 1ST. IF YOU PREFER YOU MAY PAY OFF YOUR ARRANGEMENT EARLY.

DOWN PAYMENT OF \$1,287.52 - \$200. ECIP - \$468. HEAP - \$619.52 FEMA

| | | | | |
|---------|---|----------|----|----------|
| PAYMENT | 1 | \$314.00 | BY | 06/20/88 |
| PAYMENT | 2 | \$314.00 | BY | 07/21/88 |
| PAYMENT | 3 | \$314.00 | BY | 08/19/88 |
| PAYMENT | 4 | \$314.00 | BY | 09/21/88 |
| PAYMENT | 5 | \$314.00 | BY | 10/21/88 |

AS A CONDITION OF THIS WINTER ARRANGEMENT YOU WILL BE REQUIRED TO ACCEPT ALL FREE ENERGY CONSERVATION SERVICES OFFERED BY BANGOR HYDRO. THIS INCLUDES RECEIVING A RESIDENTIAL ENERGY AUDIT AND A WRAP-UP OF YOUR ELECTRIC WATER HEATER IF YOU HAVE ONE.

IF THE ASSIGNED PAYMENT DATE IS INCONVENIENT PLEASE NOTIFY US AND WE WILL BE HAPPY TO CHANGE IT FOR YOU. YOUR FINAL PAYMENT MUST, HOWEVER, BE MADE PRIOR TO NOVEMBER 1, 1988. FAILURE TO COMPLY WITH THIS WINTER ARRANGEMENT MAY RESULT IN THE TERMINATION OF YOUR ELECTRIC SERVICE AND YOUR ELIGIBILITY FOR THIS PROGRAM NEXT WINTER. IF YOU HAVE ANY QUESTIONS OR CONCERNS PLEASE CONTACT YOUR LOCAL DIVISION OFFICE.